MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BAB1014 – FINANCIAL ACCOUNTING FOR MANAGERS

(All sections/Groups)

11 JULY 2023
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages excluding the cover page with **4** questions only.
2. Answer **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Presented here are selected accounts for Besty Company at 31 December 2022:

Accounts Payable	RM 20,000
Notes Payable (due 1 June 2023)	15,000
Furniture	40,000
Accumulated Depreciation—Furniture	16,000
Notes Payable (due 2026)	100,000
Income Taxes Payable	25,000
Salary Paid	30,000
Interest Payable	22,000
Mortgage Payable (10% is payable in April 2023)	350,000
Sales Taxes Payable	33,000
Bank overdraft	4,000
Short-term loan	18,000
Long-term loan	55,000

Required:

(a) Identify the accounts that are classified as (i) Current Liabilities and (ii) Non-Current Liabilities. (6.5 marks)

(b) Calculate the amounts of Current Liabilities and Non-Current Liabilities for Besty Company as at 31 December 2022. (6.5 marks)

Part B

Trendy Boutique is a women dress boutique. The business is owned by Ms. Zaza. Below are the transactions of Trendy Boutique for the month of April 2023.

1. Received RM3,000 cash for selling an evening gown to Ms. Susan for her birthday party occasion.
2. Purchased a new computer, costing RM2,000 by cheque for office use.
3. Ms. Zaza brought in a personal motor vehicle for use in the business amounting to RM20,000.
4. Paid rental expenses amounting to RM1,000 by cheque.
5. Ms. Zaza withdrew RM250 cash for personal use.
6. Transferred cash in hand RM800 to the business bank account.

Required: State journal entries to record the above transactions. (12 marks)

(Total: 25 marks)

Continued...

QUESTION 2

Part A

The following balances were extracted from the books of Brenda Enterprise as at 31 December 2022:

Brenda Enterprise Trial Balance as at 31 December 2022		
Account	**Debit (RM)**	**Credit (RM)**
Purchases	250,000	
Bank	50,000	
Cash	1,500	
Plant and Machinery	230,000	
Return inwards	5,500	
Utilities	3,500	
Insurance expenses	7,000	
Accounts receivable	38,500	
Salaries	20,000	
Inventory as at 1 January 2022	22,000	
Allowance for doubtful debts		2,500
Accounts payable		17,000
Return outwards		4,500
Long-term loan		66,000
Capital		100,000
Sales		368,000
Accumulated depreciation – Plant and Machinery		70,000
Total	**628,000**	**628,000**

At the end of the accounting period, you are provided with the following information:

1. Inventory as at 31 December 2022 was RM11,000.
2. Depreciation on plant and machinery is to be provided at 20% on straight line method.
3. Accrued interest on loan as at 31 December 2022 was RM3,000.
4. Mr. Anthony, the owner of the business withdrew cash RM1,200 to repair his personal computer.
5. Insurance amounting RM5,000 has been paid in advance.

Required:

(a) Prepare Statement of Profit or Loss for the year ended 31 December 2022. (9 marks)

(b) Prepare Statement of Financial Position as at 31 December 2022. (10 marks)

Continued...

Part B

You are provided with the following transactions that took place during a recent fiscal year. Assume that the company uses an *indirect method* to report cash provided by operating activities.

Transaction	**Operating (O) activities, Investing (I) activities, Financing (F) activities or Non-Cash (NC) transaction.**
1. Purchased a machine, giving a long-term note in exchange.	
2. Cash proceed from a sale of land.	
3. Collection of accounts receivable.	
4. Paid cash to settle long-term note payable.	
5. Payment of dividend to shareholders.	
6. Payment of accounts payable.	

Required:

Classify each of the transactions as either Operating activity, Investing activity, Financing activity or Non-Cash transaction.

(6 marks)

(Total: 25 marks)

Continued...

QUESTION 3

The comparative Statement of Financial Position of Reza Company is presented below:

	2023	2022	2021
Assets	RM	RM	RM
Property, plant and equipment (net)	270,500	230,000	180,000
Bank	31,800	50,000	47,000
Accounts receivable	83,500	62,500	52,000
Inventory	123,200	71,500	59,000
Total assets	509,000	414,000	338,000
Equity			
Share capital	160,000	155,000	150,000
Retained earnings	131,100	85,700	60,200
Liabilities			
Accounts payable	135,400	68,300	39,800
Interest payable	2,500	4,000	3,000
Long-term loan	80,000	101,000	85,000
Total Equity and Liabilities	509,000	414,000	338,000

Required:

Using 2021 as a base, prepare a horizontal analysis showing the percentage changes from 2022 to 2023 for the comparative Statement of Financial Position of Reza Company. *Round off to two decimal places.*

(25 marks)

(Total: 25 marks)

Continued...

QUESTION 4

The following information are extracted from the books of Kinso Enterprise for the year ended 31 December 2023.

	RM
Total non-current assets	230,000
Total current assets	66,000
Total non-current liabilities	100,000
Total current liabilities	33,000
Accounts receivables	19,000
Inventory as at 31 December 2023	38,500
Total other income	26,000
Total operating expenses	55,000

Additional information:

1. Net sales and cost of goods sold for the year were RM100,000 and RM45,000 respectively.
2. Net profit during the year was RM46,000.
3. Inventories as at 1 January 2023 were valued at RM15,500.

Required:

(a) Based on the information given above, compute the following ratios and explain your findings. *Round off to two decimal places.*

(i) Gross Profit Margin
(ii) Net Profit Margin
(iii) Inventory Turnover Ratio
(iv) Current Ratio
(v) Acid Test ratio

(20 marks)

(b) State whether each of the following statements is TRUE or FALSE.

(i) Current ratio is the measure of liquidity position of the business entity.
(ii) Net profit margin is used to measure the debt paying ability of the business.
(iii) Accounts receivable turnover measures the number of times a company collects its accounts receivable balance on average.
(iv) Gross profit margin is the measure of company's ability to earn profit above cost of goods sold.
(v) Debt to total assets ratio is used to measure the income or operating success of a company.

(5 marks)

(Total: 25 marks)

End of Paper.